

Applications No.: 22-05-002, et al.

Exhibit No.: JDRP-02

Witnesses Jennifer A. Chamberlin  
Poonum Agrawal

Commissioner John Reynolds

ALJs Garrett Toy / Jason Jungreis

**PHASE 2 REBUTTAL TESTIMONY OF  
JOINT DEMAND RESPONSE PARTIES**  
*(CPower and Enel X North America, Inc.)*

Applications (A.) 22-05-002, et al.  
2024 – 2027 Utilities' Demand Response Programs

*May 12, 2023*

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4 I.  
5 **OVERVIEW**  
6

7 On April 21, 2023, the Joint Demand Response ("DR") Parties timely served  
8 Exhibit ("Ex.") JDRP-01, the Joint DR Parties' Phase 2 Opening Testimony in  
9 Applications (A.) 22-05-002, et al. (Investor Owned Utilities' ("IOUs'") 2024-2027  
10 Demand Response Programs and Activities). The Joint DR Parties' Phase 2 Rebuttal  
11 Testimony (Ex. JDRP-02) is served today (May 12, 2023) pursuant to the Assigned  
12 Commissioner's Amended Scoping Memo and Ruling issued on December 19, 2022  
13 ("Phase 2 Scoping Memo") and the extension of time granted to serve rebuttal  
14 testimony by the Administrative Law Judge's ("ALJ's") Ruling issued on April 25, 2023.

15 By Ex. JDRP-01, the Joint DR Parties' central focus was on two utility Demand  
16 Response ("DR") programs: the Capacity Bidding Program ("CBP") and the Base  
17 Interruptible Program ("BIP"). Having reviewed the Phase 2 Opening Testimony served  
18 by other parties, the Joint DR Parties hereby respond in Ex. JDRP-02 to positions taken  
19 on these two DR programs by the Public Advocates Office ("PAO"), the California  
20 Efficiency + Demand Management Council ("Council"), and the California Large Energy  
21 Consumers Association ("CLECA").

22 As supported by Ex. JDRP-01 and this rebuttal testimony, the Joint DR Parties  
23 continue to strongly recommend that the Commission adopt and/or take the following  
24 actions in its Phase 2 decision in A.22-05-002, et al., as stated in Ex. JDRP-01.<sup>1</sup> As  
25 supported by this rebuttal testimony, the Joint DR Parties have added to this list the  
26 recommendation that the Commission should also adopt Pacific Gas and Electric  
27 Company's ("PG&E's") proposal for a 3-day maximum limit on consecutive events in its  
28 BIP program:

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<sup>1</sup> Exhibit ("Ex.") JDRP-01, at p. 2 (l. 20) - p. 3 (l. 14); p. 24 (ll. 11-30) (JDRP  
(Chamberlin/Agrawal)).

1. Southern California Edison Company's ("SCE's") CBP:
  - a. The Commission should order SCE to implement a CBP Elect program that is modeled after San Diego Gas and Electric Company's ("SDG&E's") Day-Ahead CBP Elect program.
  - b. The Commission should disallow SCE from requiring annual nominations to its CBP program in January of each year.
2. PG&E's CBP:
  - a. The Commission should require PG&E to maintain the current monthly nomination schedule or in the alternative adopt the revised penalty structure proposed by the Joint DR Parties in this testimony.
  - b. The Commission should adopt the Joint DR Parties' testing proposal provided in this testimony.
3. SCE's and PG&E's BIP:
  - a. The Commission should adopt the Joint DR Parties' incentive levels proposed in this testimony.
  - b. The Commission should require PG&E to have BIP be an eligible program for Auto DR incentives.
  - c. The Commission should adopt PG&E's proposal for a 3-day maximum limit on consecutive events in its BIP.
  - d. The Commission should require SCE to adopt a third party monitor to ensure data is received in a timely manner.

The Statement of Qualifications for the Joint DR Parties' witnesses for Ex. JDRP-02 are included in Ex. JDRP-01, Appendix A, and incorporated herein by reference.

II.  
**MODIFICATIONS TO THE CAPACITY BIDDING PROGRAM**

Q. *Please summarize the modifications that the Joint DR Parties have recommended with respect to PG&E's and SCE's Capacity Bidding Programs (CBP) and the bases for those recommendations?*

A. In Ex. JDRP-01, the Joint DR Parties recommended, and continue to recommend, that, for PG&E's CBP, the Commission (1) should require PG&E to maintain the current monthly nomination schedule and adopt the revised penalty structure proposed by the Joint DR Parties in Ex. JDRP-01 and (2) should adopt the Joint DR Parties' testing proposal made in Ex. JDRP-01.<sup>2</sup> For SCE's CBP, the Joint DR Parties continue to recommend, as supported by Ex. JDRP-01, that the Commission (1) should order SCE to implement a CBP-Elect program that is modeled after SDG&E's Day-Ahead CBP Elect program and (2) should disallow SCE from requiring annual nominations to its CBP program in January of each year.<sup>3</sup>

Q. *Do other parties oppose these changes or recommend modifications for the IOUs' CBP programs with which the Joint DR Parties disagree?*

A. Yes. In the Public Advocate Office's ("PAO's") Opening Testimony (Clean Version Errata) served on May 1, 2023, PAO recommends a statewide Capacity Bidding Program.<sup>4</sup> The Joint DR Parties disagree with the implementation of a statewide administered CBP because it would destroy the greatest source of value for CBP in the territories with strong overall program design through 2022, namely, PG&E and SDG&E. That value is the incorporation of flexibility and communication across all relevant stakeholders. This occurs through monthly nominations and intra-monthly bidding that enables efficient optimization of resources between the IOUs' demand side requirements and DR participants' ability to add value.

Additionally, PAO witness Koenig claims that "cost pressures" on SDG&E's DR programs would be "ease[d]" by "[a] statewide-administered program, in which

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<sup>2</sup> Ex. JDRP-01, at p. 11 (l. 21) - p. 17 (l. 6) (JDRP (Chamberlin/Agrawal)).

<sup>3</sup> *Id.*, at p.7 (l. 1-29) – p. 11 (l. 19).

<sup>4</sup> PAO Errata to Opening Testimony (Clean Version), at p. 1-5 (l. 14) – 1-6 (l. 11) (PAO (Tran)).

1 another IOU serves as the program administrator for multiple territories,...”<sup>5</sup> Not only  
2 is there no specific evidence that this would be the case for SDG&E, but there are  
3 multiple problems, risks, and costs associated with undertaking such a change for all  
4 IOU DR programs.

5 Specifically, similarities in CBP rules across IOU territories have nothing to do with  
6 effectiveness of the program. As the Joint DR Parties testified in Ex. JDRP-01,  
7 PG&E’s and SDG&E’s separate CBP Elect programs are effective because each  
8 enables aggregators to work between DR participants and each utility to maximize  
9 value. By those programs, DR aggregators are able to understand DR participant  
10 potential and what participants are looking for in return. By extension of the PAO’s  
11 previous statement, the Joint DR Parties, as DR aggregators, would be put in the  
12 impossible situation of asking PG&E what they think about the capacity needs in the  
13 SDG&E sub-lap for a given summer month.

14 Additionally, DR aggregators work with each IOU on dispatching, data settlement,  
15 and capacity needs specific to their individual programs through existing systems.  
16 Through consistent electronic communication and meetings, aggregators work with  
17 each IOU to synthesize IOU-specific data into optimal nominations that maximize  
18 performance and benefits of their individual programs. Through Day Ahead bidding  
19 for Elect Programs in the California Independent System Operator (“CAISO”)  
20 market, CBP resources are dispatched into sub-laps in the IOU’s specific service  
21 territory and the IOU provides the subsequent data to inform stronger nominations  
22 and accurate settlement in their individual service territories. Each IOU knows its  
23 service territory best.

24 For these reasons, the Commission should reject PAO’s call for a statewide CBP.  
25 Instead, the IOUs should each continue to administer their specific CBP in their  
26 respective service territories, rather than having the state or any other IOU do so.  
27 Economies of scale from consolidation are not relevant if the program foregoes its  
28 greatest source of value described above.

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<sup>5</sup> PAO Errata to Opening Testimony (Clean Version), at p. 1-5 (l. 14) – 1-6 (l. 11) (PAO (Tran)).

III.  
**MODIFICATIONS TO THE BASE INTERRUPTIBLE PROGRAM**

Q. *Please summarize the modifications that the Joint DR Parties have recommended with respect to the IOUs' BIP Programs and the bases for those recommendations?*

A. In Ex. JDRP-01, the Joint DR Parties have recommended and continue to recommend, as supported by that testimony, that the Commission adopt the Joint DR Parties' incentive levels proposed in Ex. JDRP-01 at page 20, lines 4 through 5, for SCE, and at page 23, lines 8 through 9, for PG&E. In addition, the Joint DR Parties recommend that PG&E should be required to have BIP be an eligible program for Auto DR incentives<sup>6</sup> and that SCE should be required to adopt a third party monitor to ensure data is received by DR providers in a timely manner.<sup>7</sup>

Q. *Do other parties support these changes or offer other changes that the Joint DR Parties also support?*

A. Yes. Both the California Large Energy Consumers Association ("CLECA") and the California Efficiency + Demand Management Council ("Council") support increases to BIP incentive levels as reasonable and on bases on which the Joint DR Parties also agree.<sup>8</sup> As CLECA witness Harper has testified, the IOUs' proposed incentive levels, while "a step in the right direction," are "likely inadequate to effectively grow participation levels aligned with the utilities' stated goals" and "fail to substantially offset the dramatic increase in retail rates to industrial customers in recent years," which adversely impact those customers' "ability to continue to provide demand response."<sup>9</sup>

Like the Joint DR Parties, both CLECA and the Council also support extending Auto-DR incentives to BIP customers, again, on bases with which the Joint DR Parties

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<sup>6</sup> Exhibit (Ex.) JDRP-01, at pp. 23 (l. 15) – p. 24 (l. 4) (JDRP (Chamberlin/Agrawal)).

<sup>7</sup> *Id.*, at p. 20 (l. 6) – p. 21 (l. 27).

<sup>8</sup> Ex. CLECA-01 (Direct Testimony of Sam Harper (April 21, 2023), at pp. 3, 17-19 (CLECA (Harper))); Ex. Council-02, at pp. 17-18 (Council (Desmond)).

<sup>9</sup> Ex. CLECA-01, at p. 18 (ll. 4-14) (CLECA (Harper)).

1 also agree.<sup>10</sup> In this regard, CLECA witness Harper testifies that the “historical  
2 reason to exclude” BIP for ADR incentive eligibility was based on low dispatch  
3 frequency, which “is no longer applicable after the experience of frequent dispatch  
4 starting in 2020.”<sup>11</sup> Further, extending eligibility for Auto-DR incentives to BIP  
5 customers can improve the reliability, speed, certainty, and operational impact of  
6 curtailments, increase the number of MWs enrolled in BIP by automating “difficult to  
7 curtail loads,” and incentivize new loads to participate and retention of existing  
8 customers.<sup>12</sup>

9 Similarly, Council witness Desmond testifies that, where both “PG&E and SCE have  
10 cited the benefits of ADR incentives in incentivizing DR participation,” ADR  
11 incentives should “be made equally available to all customers that participate in a  
12 DR program or third-party Resource Adequacy contract, subject to the same  
13 participation requirements.”<sup>13</sup> According to Mr. Desmond, in these circumstances,  
14 “[e]xcluding customers who are enrolled in a third-party DR contract is discriminatory  
15 against them, favors customers participating in IOU DR programs, and is counter to  
16 the Commission’s Competitive Parity principles.”<sup>14</sup>

17 Finally, CLECA also supports the continuation of the current reliability cap for BIP of  
18 3%, which the Joint DR Parties also support. In this regard, CLECA witness Harper  
19 recommends the 3% cap should be extended through 2027 where California “is  
20 undergoing a severe supply crunch with unprecedented and growing demand for  
21 electricity” and “[r]eliability-based DR has consistently stepped up over 10 decades,  
22 including during the extreme heat events beginning in 2020.”<sup>15</sup>

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<sup>10</sup> Ex. CLECA-01, at p. 19 (l. 18) – p. 21 (l. 4) (CLECA (Harper)); Ex. Council-02, at p. 21 (ll. 3-10) (Council (Desmond)).

<sup>11</sup> Ex. CLECA-01, at p. 19 (l. 20) – p. 20 (l. 1) (CLECA (Harper)).

<sup>12</sup> *Id.*, at p. 20 (ll. 2-9).

<sup>13</sup> Ex. Council-02, at p. 21 (ll. 4-7) (Council (Desmond)).

<sup>14</sup> *Id.*, at p. 21 (ll. 8-10).

<sup>15</sup> Ex. CLECA-01, at p. 26 (ll. 7-12) (CLECA (Harper)).



1 Q. *Do other parties oppose these changes or recommend modifications with which the*  
2 *Joint DR Parties disagree?*

3  
4 A. Yes. First, in PAO's Opening Testimony, PAO witness Koenig, while not directly  
5 addressing BIP incentive levels, testifies that PAO recommends that the  
6 Commission should "deny PG&E's initial DR application proposal in favor of its more  
7 cost-effective alternative proposal."<sup>16</sup> PAO testifies that the "increased" cost-  
8 effectiveness score for PG&E's alternative proposal "is the result of PG&E reducing  
9 its program incentives and altering program details for BIP and CBP."<sup>17</sup>

10 In making this recommendation, PAO does not identify what, if any change, in BIP  
11 incentives between PG&E's original and alternative proposals contributes in any  
12 way, including to what degree, to this change in PG&E's score. PAO also does not  
13 address the merits of increasing BIP incentives to ensure strong customer  
14 performance, enrollment, and engagement to meet grid reliability demands.<sup>18</sup> From  
15 the Joint DR Parties' perspective, absent such analysis, there is no basis to use the  
16 change in the cost-effectiveness score between PG&E's original and alternative DR  
17 proposals as a basis for the Commission rejecting the much needed increases in  
18 BIP incentives proposed and supported by the Joint DR Parties for both PG&E and  
19 SCE in Ex. JDRP-01.<sup>19</sup> Instead, the Joint DR Parties' proposed changes to PG&E's  
20 and SCE's BIP incentives should be adopted.

21 Second, PAO opposes PG&E's proposal to adopt a 3-day maximum limit on  
22 consecutive events in BIP where "heat events are expected to become more intense  
23 and more frequent."<sup>20</sup> While the Joint DR Parties did not address this PG&E  
24 proposal in Ex. JDRP-01, the Joint DR Parties disagree with PAO and fully support  
25 PG&E's recommendation.

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<sup>16</sup> PAO Errata to Opening Testimony (Clean Version), at p. 4-1 (Il. 12-14) (PAO (Koenig)).

<sup>17</sup> *Id.*, at p. 4-2 (Il. 2-3).

<sup>18</sup> See, Ex. JDRP-01, at pp. 22 (l. 6) – 23 (l. 14) (JDRP (Chamberlin/Agrawal)).

<sup>19</sup> Ex. JDRP-01, at pp. 18 (l. 22) – 20 (l. 5); pp. 22 (l. 6) – 23 (l. 14) (JDRP (Chamberlin/Agrawal)).

<sup>20</sup> PAO Errata to Opening Testimony (Clean Version), at p. 2-4 (Il. 13-14), p. 2-5 (Il. 1-2) (PAO (Castello)).

1 Specifically, in support of its proposal, PG&E correctly points out that the current  
2 program structure limiting events to a maximum of one event per day and 10 events  
3 during a calendar month, or 180 hours per calendar year, with “no limit to the  
4 number of consecutive event days,” puts BIP customers in the position of potentially  
5 being “called to curtail for up to 20 consecutive event days.”<sup>21</sup> The Joint DR Parties  
6 can confirm, based on its experience with BIP customers, that the absence of a limit  
7 on consecutive day events can contribute to customer attrition and would certainly  
8 be a factor in discouraging new enrollment in BIP, two factors identified by PG&E in  
9 making its proposal.<sup>22</sup> Further, the Joint DR Parties agree with PG&E that the  
10 proposed “limit is a more reasonable requirement for customers that must  
11 significantly interrupt their operations for DR events” and that “[m]odifying event  
12 limits proposed will help address customer concerns around increased RDRR  
13 [Reliability Demand Response Resource] dispatches, prevent further customer  
14 fatigue and attrition, and encourage new enrollments.”<sup>23</sup>

15 PAO’s sole basis for contesting PG&E’s proposal is a claim that PG&E has made an  
16 “unsubstantiated assertion” that its proposal will prevent customer fatigue and  
17 attrition. PAO’s allegation rests solely on its observation that “events have only been  
18 called for a small fraction” of the maximum events or hours.<sup>24</sup>

19 However, PAO provides no evidence to support that such a circumstance in any way  
20 alters how a customer would weigh the prospect of being called for unlimited  
21 consecutive events in deciding whether it can or should participate in BIP. Based on  
22 the Joint DR Parties’ years of experience in enrolling customers in BIP, unlimited  
23 consecutive days’ curtailment certainly would be taken into consideration by a  
24 customer as a reason not to participate.

25 Further, PG&E’s proposed limit could be a prudent step to help ensure program  
26 effectiveness throughout the year. Specifically, a day off after 3 days of consistent

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<sup>21</sup> Ex. PG&E-2, at p. 3-11 (ll. 2-9) (PG&E (Jaeger)).

<sup>22</sup> *Id.*, at p. 3-11 (ll. 10-11).

<sup>23</sup> *Id.*, at p. 3-11 (ll. 15-19).

<sup>24</sup> PAO Errata to Opening Testimony (Clean Version), at p. 2-4 (ll. 13-14), p. 2-5 (ll. 1-2) (PAO (Castello)).

operational shut down for a business could help the business catch up slightly and be able to perform in subsequent events up to the monthly maximum. For all of these reasons, the Commission should adopt PG&E's proposal for a 3-day maximum limit on consecutive events.

#### **IV. CONCLUSION**

As supported by the Joint DR Parties' Phase 2 Opening and Rebuttal Testimony (Exhibits JDRP-01 and JDRP-02), the Joint DR Parties strongly recommend that the Commission adopt and/or take the following actions in its Phase 2 decision in A.22-05-002, et al. (IOUs' 2024-2027 DR Programs):

1. Southern California Edison Company's Capacity Bidding Program:

a. The Commission should order SCE to implement a CBP Elect program that is modeled after SDG&E's Day-Ahead CBP Elect program.

b. The Commission should disallow SCE from requiring annual nominations to its CBP program in January of each year.

2. Pacific Gas and Electric Company's Capacity Bidding Program:

a. The Commission should require PG&E to maintain the current monthly nomination schedule or, in the alternative, adopt the revised penalty structure proposed by the Joint DR Parties in this testimony.

b. The Commission should adopt the Joint DR Parties' testing proposal provided in this testimony.

3. Base Interruptible Program for PG&E and SCE:

a. The Commission should adopt the Joint DR Parties' incentive levels proposed in this testimony.

b. The Commission should require PG&E to have BIP be an eligible program for Auto DR incentives.

c. The Commission should adopt PG&E's proposal for a 3-day maximum limit on consecutive events in its BIP.

- 1 d. The Commission should require SCE to adopt a third party monitor
- 2 to ensure data is received in a timely manner.